

AMENDED IN SENATE JUNE 24, 2003

AMENDED IN SENATE JUNE 23, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1754

Introduced by Committee on Budget (Oropeza (Chair), Bermudez, Chan, Chu, Diaz, Dutra, Dymally, Goldberg, Hancock, Jackson, Liu, Montanez, Nakano, Pavley, Reyes, Simitian, and Wolk)

March 11, 2003

An act to amend Sections 2557.5, 2558, 8222.5, 10554, 13030, 14002.1, 37253, 41203.1, 41975, 42238.12, 42239.1, 42239.15, 42241.7, 42243.7, 44395, 48005.10, 48005.13, 48005.15, 48005.25, 48005.30, 48005.35, 48005.45, 48005.55, 69618.9, 76300, 99234, and 99235 of, and to add Sections 2558.46, 17070.76, 33128.3, 42238.146, 84321, and 84322 to, the Education Code, to add Section 7576.5 to the Government Code, and to amend Section 39 of, and to repeal Section 51 of, Chapter 1167 of the Statutes of 2002, relating to education finance, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1754, as amended, Committee on Budget. Education finance.

(1) Existing law, the Child Care and Development Services Act, authorizes alternative payment programs to provide payment to child care facilities with at least 75% subsidized children in prescribed circumstances, and authorizes the Superintendent of Public Instruction to adopt related regulations.

This bill would prohibit the superintendent from adopting or implementing regulations for the 2003–04 fiscal year that differentiate provider reimbursement rates based upon the percentage of subsidized children receiving care in a facility ~~and would, thereafter, permit adoption and implementation of regulations of this type only if expressly authorized by statute.~~

(2) Existing law requires a revenue limit to be calculated for each school district and each county superintendent of schools and requires the amount of the revenue limit to be adjusted for various factors. Existing law requires the Superintendent of Public Instruction to take into account the revenue limit of a school district and county superintendent of schools when apportioning funding to school districts and county superintendents of schools.

This bill would reduce the revenue limit for the 2003–04 and 2004–05 fiscal years by 1.195% and by an additional 1.826% for county superintendents of schools and by 1.198% and an additional 1.826% for school districts, but would not apply these reductions to specified revenue limit adjustments. The bill would require the revenue limit computation for the 2005–06 fiscal year to be made using the reduced revenue limit amount. The bill would require the Superintendent of Public Instruction to certify to the Controller amounts needed to fund the revenue limits of school districts, the revenue limits of county superintendents of schools, and the revenue limit portion of charter school operational funding that reflect these reductions. The bill would authorize the governing board of a school district or county office of education, for the 2003–04 fiscal year only, to use up to 100% of the balances as of June 30, 2003, of restricted accounts, except as specified, to reduce the impact of the reductions to revenue limits in the 2003–04 fiscal year made pursuant to the bill.

(3) Existing law establishes the California Civil Liberties Public Education Grant Program under the administration of the State Librarian. Existing law also expresses the intent of the Legislature that \$1,000,000 be annually appropriated from the General Fund to the State Librarian in the 2000–01, 2001–02, and 2002–03 fiscal years.

This bill would delete the expression of legislative intent that \$1,000,000 be appropriated for the California Civil Liberties Public Education Grant Program in each of the 3 specified fiscal years.

(4) Existing law, until January 1, 2004, establishes the Educational Telecommunication Fund in order for the governing board of the County Office Fiscal Crisis and Management Assistance Team to carry



out its responsibilities regarding the establishment of telecommunications standards to support the efficient sharing of school business and administrative information.

This bill would make the fund permanent.

(5) Existing law, the Leroy F. Greene School Facilities Act of 1998, requires the State Allocation Board to require a school district that receives funds under the act to agree to establish a restricted account within the school district's general fund for the exclusive purpose of providing moneys for ongoing and major maintenance of school buildings and to agree to deposit into the account, in each fiscal year for 20 years, a minimum amount equal to or greater than 3% of the school district's total general fund expenditures for that fiscal year.

This bill, instead, would provide that for the 2003–04 fiscal year, the board shall only require a school district to deposit into that account an amount equal to 2% of the total expenditures by the district from its general fund in the 2003–04 fiscal year.

(6) Existing law requires the State Board of Education to adopt standards and criteria to be used by local educational agencies in the development of annual budgets and the management of subsequent expenditures from that budget.

This bill would provide that for the 2003–04 and 2004–05 fiscal years, the requirement for a reserve for economic uncertainties is $\frac{1}{2}$ of the percentage for a reserve adopted by the State Board of Education as of May 1, 2003.

(7) Existing law authorizes the governing board of any school district and a charter school to offer supplemental instructional programs in mathematics, science, or other core academic areas, as designated, and provides that the maximum entitlement of a school district or charter school for reimbursement for pupil hours of attendance in the supplemental instructional programs shall be calculated pursuant to a formula that is based on 7% of the total enrollment of the school district or charter school for the prior fiscal year.

This bill would, instead, provide for the formula to be based on 5% of the total enrollment of the school district or charter school for the prior fiscal year.

(8) Existing law requires, for the 1990–91 fiscal year and each fiscal year thereafter, that moneys to be applied by the state for the support of school districts and community college districts be distributed in



accordance with certain calculations. This requirement expressly is made inapplicable to the 1992–93 to 2002–03 fiscal years, inclusive.

This bill would, instead, make this requirement inapplicable to the 1992–93 to 2003–04 fiscal years, inclusive.

(9) Existing law sets forth a minimum amount of money that is required to be apportioned or allowed to a school district from Section A of the State School Fund in a fiscal year.

This bill would require that state funds apportioned to a school district for categorical education programs and other state funds apportioned to a school district from the State School Fund be applied to meet the minimum amount of money that is required to be apportioned or allowed to a school district from Section A of the State School Fund in a fiscal year.

(10) Existing law makes school districts eligible for reimbursement for hours of pupil attendance claimed for intensive reading programs and makes school districts and charter schools eligible for reimbursement for hours of pupil attendance claimed for intensive algebra instruction academies.

This bill would make those reimbursements contingent on an appropriation being made for that purpose in the annual Budget Act.

(11) Existing law establishes the National Board for Professional Teaching Standards Certification Incentive Program to award grants to teachers who, among other things, have attained certification from the National Board for Professional Teaching Standards. Under the program, a teacher attaining a national board certification is eligible for a one-time merit award of \$10,000, and is eligible for an additional award of up to \$20,000 if he or she agrees to teach at a low-performing school for at least 4 years. Existing law authorizes the State Department of Education to provide fee assistance for the program to defray the fees of teachers seeking the certification.

This bill would eliminate the one-time merit award of \$10,000, and would eliminate the provisions authorizing the department to provide fee assistance.

(12) Existing law establishes the Kindergarten Readiness Pilot Program, to be implemented in the 2003–04 school year, and requires a participating school district to offer admission to 1st grade at the beginning of the school year, or at a later time in the same school year, only to children who will have their 6th birthday on or before September 1 of that school year. Under existing law, these provisions become inoperative on July 1, 2010, and are repealed as of January 1, 2011.



This bill would delay the implementation of that program until the 2006–07 school year and would make conforming changes. The bill would, in addition, delete the July 1, 2010, inoperative date and the January 1, 2011, repeal date of those provisions and would instead provide that the provisions become inoperative on July 1, 2013, and be repealed as of January 1, 2014.

(13) Existing law establishes the Graduate Assumption Program of Loans for Education, under which an applicant enrolled in a graduate degree program, and who agrees to teach on a full-time basis at an accredited California college or university, is eligible to receive a conditional warrant for loan assumption, to be redeemed pursuant to a prescribed procedure upon becoming employed as a teacher at an accredited college or university in California. Under existing law, a program participant becomes eligible for up to \$2,000 of loan assumption after each of the first 3 academic years of full-time teaching, for a total loan assumption of up to \$6,000.

(14) Existing law requires that, commencing with the 1998–99 fiscal year, the Student Aid Commission issue warrants for the assumption of up to 500 student loans for eligible program participants. Existing law also requires that the issuance of warrants be subject to funding to be provided in the annual Budget Act for each fiscal year.

This bill would prohibit warrants for loan assumptions under this program from being issued in the 2003–04 fiscal year.

(15) Existing law requires the governing board of each community college district to charge each student a fee of \$11 per unit per semester.

This bill would raise that fee to \$18 per unit per semester effective with the fall term of 2003–04 academic year.

(16) Existing law requires the Board of Governors of the California Community Colleges to adopt regulations for the payment of apportionments to community college districts. Existing law requires the board of governors to certify estimated apportionments to the Controller on or before July 15, and for the first principal apportionment to be certified on or before February 20 and the 2nd principal apportionment to be certified on or before June 25, of each year.

This bill would require that, commencing with the 2003–04 fiscal year, warrants for the 2nd principal apportionment be drawn in July pursuant to the certification made, under existing law, in June of that same calendar year, thereby causing the apportionment to be paid in the fiscal year immediately following the certification of the 2nd principal



apportionment. The bill would provide that, for the purposes of the computations required by the constitutional minimum funding requirement for school districts and community college districts, the warrants drawn under the bill would be counted in the fiscal year in which they are drawn.

The bill would authorize a community college district to recognize, for budgetary and financial reporting purposes, any amount of state appropriations deferred from the current fiscal year and appropriated in the subsequent fiscal year for payment of current-year costs as a receivable in the current fiscal year.

(17) Existing law establishes the Mathematics and Reading Professional Development Program under which eligible local educational agencies receive an incentive award in each of the fiscal years between 2002–03 and 2006–07, inclusive, for a specified percentage of their eligible teachers. Existing law also authorizes an eligible local educational agency to receive funding in each of the fiscal years 2004–05 and 2005–06 for a specified percentage of their instructional aides and paraprofessionals.

This bill would instead specify that the amount of the incentive award for teachers and the funding for instructional aides and paraprofessionals would be based on the percentage of eligible teachers and instructional aides and paraprofessionals calculated in accordance with provisional language in the annual Budget Act.

(18) Existing law makes the State Department of Mental Health, or a community mental health service, as defined, that is designated by the State Department of Mental Health, responsible for the provision of mental health services, as specified, when required in a pupil's individualized education program.

This bill would require local educational agencies, if funds are appropriated to them to support the costs of providing these mental health services to transfer those funds to the community mental health services that provide the services. The bill would require the funds to be used exclusively for those mental health programs and would provide that the funds are offsetting revenues in any reimbursable mandate claim relating to special education programs and services.

(19) Existing law authorizes the Superintendent of Public Instruction to apportion a specified sum to each school district and county office of education that operates a community day school. Under existing law, the apportionment is adjusted annually for inflation, commencing with the 1999–2000 fiscal year.



This bill would set the cost-of-living adjustment for community day schools at 2% for the 2002–03 fiscal year and at 0% for the 2003–04 fiscal year. The bill would additionally set the cost-of-living adjustment for certain items contained in the Budget Act of 2003 at 0%.

~~Existing~~

(20) *Existing* law provides for an annual adjustment of state funding for certain programs, including, instructional materials, regional occupational programs and centers, school improvement programs, economic impact aid, staff development programs, and gifted and talented programs, pursuant to a specified formula.

This bill would set that adjustment at 0% for the 2003–04 fiscal year.

~~(20)~~

(21) Existing law appropriated \$203,000,000 for purposes of a revenue limit equalization adjustment for the 2003–04 fiscal year.

This bill would repeal that appropriation.

~~(21)~~

(22) This bill would require the Superintendent of Public Instruction to reduce, by \$9,8886,000, funding for basic aid districts from categorical education funds that are appropriated in the Budget Act of 2003. The bill would require the Superintendent by June 1, 2004, to report to the Controller and the Director of Finance the amount to be reduced from each categorical education program and identify the corresponding item of appropriation in the Budget Act of 2003. The bill would provide that on June 15, 2004, the amounts appropriated by those items are hereby reduced by the amounts reported by the superintendent. The bill would provide that the reductions shall be reductions in the amounts appropriated for purposes of Section 8 of Article XVI of the California Constitution for the 2003–04 fiscal year.

~~(21)~~

(23) This bill would appropriate \$570,263,000 from the General Fund, of which \$370,263,000 would be appropriated to the Department of Education for the 2004–05 fiscal year for purposes of specified education programs and \$200,000,000 would be appropriated to the Board of Governors of the California Community Colleges for apportionments to community college districts and for the Partnership for Excellence Program. The bill would provide that for the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation is General Fund revenues



appropriated for school districts and community college districts for the 2004–05 fiscal year.

~~(22)~~

(24) This bill would declare that it shall take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 2557.5 of the Education Code is
2 amended to read:

3 2557.5. (a) For the 1987–88 fiscal year, and each fiscal year
4 thereafter, the revenue limit of any county superintendent of
5 schools authorized pursuant to Section 2551, as that section read
6 on January 1, 1999, may be increased by an amount sufficient to
7 provide additional revenue equal to the expenditure estimated to
8 be incurred by the county superintendent of schools in the budget
9 year in complying with the following provisions of the
10 Unemployment Insurance Code: Sections 605 and 803, Article 6
11 (commencing with Section 821) of Chapter 3 of Part 1 of Division
12 1, or Article 3 (commencing with Section 976) of Chapter 4 of Part
13 1 of Division 1, less the actual expenditures incurred by the county
14 superintendent of schools in the 1975–76 fiscal year in complying
15 with the following provisions of the Unemployment Insurance
16 Code: Article 6 (commencing with Section 821) of Chapter 3 of
17 Part 1 of Division 1 and former Section 605.2.

18 (b) The increase in revenue limit provided in subdivision (a)
19 shall be adjusted annually, including plus or minus adjustments for
20 under- or over-estimating expenditures used in determining the
21 increase in revenue limit provided by subdivision (a) in the
22 previous fiscal year.

23 (c) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the
24 amount of the increase computed pursuant to this section may not
25 be adjusted by the deficit factor applied to the revenue limit of each
26 county superintendent of schools pursuant to Section 2558.45.

27 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
28 the revenue limit reduction specified in Section 2558.46 may not
29 be applied to the adjustment computed pursuant to this section.



(d) Expenditures for employees of charter schools funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8 are excluded from the calculations set forth in this section.

SEC. 2. Section 2558 of the Education Code is amended to read:

2558. Notwithstanding any other law, for the 1979–80 fiscal year and each fiscal year thereafter, the Superintendent of Public Instruction shall apportion state aid to county superintendents of schools pursuant to this section.

(a) The Superintendent of Public Instruction shall total the amounts computed for the fiscal year pursuant to Sections 2550, 2551.3, 2554, 2555, and 2557 and Section 2551, as that section read on January 1, 1999. For the 1979–80 fiscal year and for purposes of calculating the 1979–80 fiscal year base amounts in succeeding fiscal years, the amounts in Sections 2550, 2552, 2554, 2555, and 2557, as they read in the 1979–80 fiscal year, shall be multiplied by a factor of 0.994. For the 1981–82 fiscal year and for purposes of calculating the 1981–82 fiscal year base amounts in succeeding fiscal years, the amount in this subdivision shall be multiplied by a factor of 0.97.

(b) For the 1995–96 fiscal year and each fiscal year thereafter, the county superintendent of schools shall adjust the total revenue limit computed pursuant to this section by the amount of increased or decreased employer contributions to the Public Employees' Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees' Retirement System through the current fiscal year. The adjustment shall be calculated for each county superintendent of schools as follows:

(1) Determine the amount of employer contributions that would have been made in the current fiscal year if the applicable Public Employees' Retirement System employee contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the current fiscal year.

(2) Determine the actual amount of employer contributions made to the Public Employees' Retirement System in the current fiscal year.

(3) If the amount determined in paragraph (1) is greater than the amount determined in paragraph (2), the total revenue limit computed pursuant to this part for that county superintendent of schools shall be decreased by the amount of the difference between those paragraphs; or if the amount determined in paragraph (1) is less than the amount determined in paragraph (2), the total revenue limit for that county superintendent of schools shall be increased by the amount of the difference between those paragraphs.

(4) For the purposes of this subdivision, employer contributions to the Public Employees' Retirement System for any of the following positions shall be excluded from the calculation specified above:

(A) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.

(B) Positions supported by funds received pursuant to paragraph (1) of subdivision (a) of Section 54203.

(C) Positions supported, to the extent of employers' contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a non-General Fund revenue source determined to be properly excludable from this subdivision by the Superintendent of Public Instruction with the approval of the Director of Finance. Commencing in the 2002–03 fiscal year, only positions supported from a non-General Fund revenue source determined to be properly excludable as identified for a particular local education agency or pursuant to a blanket waiver by the Superintendent of Public Instruction and the Director of Finance, prior to the 2002–03 fiscal year, may be excluded pursuant to this paragraph.

(5) For accounting purposes, any reduction to county office of education revenue limits made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent of Public Instruction.

(6) The amount of the increase or decrease to the revenue limits of county superintendents of schools made by this subdivision for the 1995–96 to 2001–02 fiscal years, inclusive, may not be adjusted by the deficit factor applied to the revenue limit of each county superintendent of schools pursuant to Section 2558.45.

(7) For the 2003–04 fiscal year and any fiscal year thereafter, the revenue limit reduction specified in Section 2558.46 may not be applied to the amount of the increase or decrease to the revenue limits of each county superintendent of schools computed pursuant to paragraph (3).

(c) The Superintendent of Public Instruction shall also subtract from the amount determined in subdivision (a) the sum of: (1) local property tax revenues received pursuant to Section 2573 in the then current fiscal year, and tax revenues received pursuant to Section 2556 in the then current fiscal year, (2) state and federal categorical aid for the fiscal year, (3) district contributions pursuant to Section 52321 for the fiscal year, and other applicable local contributions and revenues, (4) any amounts that the county superintendent of schools was required to maintain as restricted and not available for expenditure in the 1978–79 fiscal year as specified in the second paragraph of subdivision (c) of Section 6 of Chapter 292 of the Statutes of 1978, as amended by Chapter 51 of the Statutes of 1979, and (5) the amount received pursuant to subparagraph (C) of paragraph (3) of subdivision (a) of Section 33607.5 of the Health and Safety Code that is considered property taxes pursuant to that section.

(d) The remainder computed in subdivision (c) shall be distributed in the same manner as state aid to school districts from funds appropriated to Section A of the State School Fund.

(e) If the remainder determined pursuant to subdivision (c) is a negative amount, no state aid shall be distributed to that county superintendent of schools pursuant to subdivision (d), and an amount of funds of that county superintendent equal to that negative amount shall be deemed restricted and not available for expenditure during the current fiscal year. In the next fiscal year, that amount shall be considered local property tax revenue for purposes of the operation of paragraph (1) of subdivision (c).

(f) The calculations set forth in paragraphs (1) to (3), inclusive, of subdivision (b) exclude employer contributions for employees of charter schools funded pursuant to Article 2 (commencing with Section 47633) of Chapter 6 of Part 26.8.

SEC. 3. Section 2558.46 is added to the Education Code, to read:

2558.46. (a) (1) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each county superintendent of schools

1 determined pursuant to this article shall be reduced by a 1.195
2 percent deficit factor.

3 (2) For the 2003–04 and 2004–05 fiscal years, the revenue limit
4 for each county superintendent of schools determined pursuant to
5 this article shall be further reduced by a 1.826 percent deficit
6 factor.

7 (b) In computing the revenue limit for each county
8 superintendent of schools for the 2005–06 fiscal year pursuant to
9 this article, the revenue limit shall be determined as if the revenue
10 limit for that county superintendent of schools had been
11 determined for the 2003–04 and 2004–05 fiscal years without
12 being reduced by the deficit factors specified in this section.

13 SEC. 4. Section 8222.5 of the Education Code is amended to
14 read:

15 8222.5. (a) Alternative payment programs may provide
16 payment to child care facilities with at least 75 percent subsidized
17 children in any of the following circumstances:

18 (1) There is a lack of licensed child care facilities in the area.

19 (2) The facility is able to meet the special needs of a particular
20 child.

21 (3) Any other reason provided for by the department's
22 regulations.

23 (b) It is the intent of the Legislature that the Superintendent of
24 Public Instruction adopt regulations to implement a process
25 whereby a child care facility may apply to the department for
26 funding pursuant to subdivision (a).

27 (c) For the 2003–04 fiscal year, the Superintendent of Public
28 Instruction may not adopt or implement regulations that
29 differentiate provider reimbursement rates based upon the
30 percentage of subsidized children receiving care in a facility. ~~For~~
31 ~~the 2004–05 fiscal year and each fiscal year thereafter, regulations~~
32 ~~of this type may be adopted and implemented by the~~
33 ~~superintendent only if expressly authorized by statute.~~

34 SEC. 5. Section 10554 of the Education Code is amended to
35 read:

36 10554. (a) In order for the governing board to carry out its
37 responsibilities pursuant to this chapter, there is hereby established
38 the Educational Telecommunication Fund. The amount of moneys
39 to be deposited in the fund shall be the amount of any offset made
40 to the principal apportionments made pursuant to Sections 1909,

1 2558, 42238, 52616, Article 1.5 (commencing with Section
2 52335) of Chapter 9 of Part 28, and Chapter 7.2 (commencing with
3 Section 56836) of Part 30, based on a finding that these
4 apportionments were not in accordance with law. The maximum
5 amount that may be annually deposited in the fund from the offset
6 is fifteen million dollars (\$15,000,000). The Controller shall
7 establish an account to receive and expend moneys in the fund. The
8 placement of the moneys in the fund shall occur only upon a
9 finding by the Superintendent of Public Instruction and the
10 Director of Finance that the principal apportionments made
11 pursuant to Sections 1909, 2558, 42238, 52616, and Article 1.5
12 (commencing with Section 52335) of Chapter 9 of Part 28, and
13 Chapter 7.2 (commencing with Section 56836) of Part 30 were not
14 in accordance with existing law and were so identified pursuant to
15 Sections 1624, 14506, 41020, 41020.2, 41320, 42127.2, and
16 42127.3, or an independent audit that was approved by the
17 department.

18 (b) Moneys in the fund established pursuant to subdivision (a)
19 shall only be available for expenditure upon appropriation by the
20 Legislature in the Budget Act.

21 (c) The moneys in the fund established pursuant to subdivision
22 (a) may be expended by the governing board to carry out the
23 purposes of this chapter, including for the following purposes:

24 (1) To support the activities of the team established pursuant to
25 subdivision (c) of Section 10551.

26 (2) To assist the school districts and county superintendents of
27 schools in purchasing both hardware and software to allow school
28 districts, county superintendents of schools, and the department to
29 be linked for school business and administrative purposes. The
30 governing board shall establish a matching share requirement that
31 applicant school districts and county superintendents of schools
32 must fulfill to receive those funds. It is the intent of the Legislature
33 to encourage the distribution of grants to school districts and
34 county superintendents of schools to the widest extent possible.

35 (3) To provide technical assistance through county offices of
36 education to school districts in implementing the standards
37 established pursuant to subdivision (a) of Section 10552.

38 SEC. 6. Section 13030 of the Education Code is amended to
39 read:

1 13030. (a) Funding for this program is subject to an
2 appropriation in the annual Budget Act or other measure for this
3 purpose, the State Librarian shall review and identify programs
4 with similar goals that may be combined with this project in the
5 future.

6 (b) Subject to an appropriation in the annual Budget Act or
7 other measure for this purpose, the State Librarian shall report to
8 the Legislature by November 1, 2004, on the progress of the
9 program and on the results of the review required by subdivision
10 (a).

11 SEC. 7. Section 14002.1 of the Education Code is amended
12 to read:

13 14002.1. Notwithstanding any other law, for purposes of
14 determining (a) the amounts to be certified pursuant to Sections
15 14002 and 14004, (b) allocations made pursuant to Section 41301,
16 (c) the apportionments required to be made pursuant to Sections
17 41330, 41332, and 41335, (d) revenue limits for school districts
18 pursuant to Section 42238, as adjusted pursuant to Sections
19 42238.14, 42238.145, and 42238.146, and (e) revenue limits for
20 county offices of education pursuant to Section 2558, as adjusted
21 pursuant to Sections 2558.4, 2558.45, and 2558.46, the
22 Superintendent of Public Instruction shall use the property tax
23 estimates received from county auditors pursuant to Section 75.70
24 of the Revenue and Taxation Code.

25 SEC. 8. Section 17070.76 is added to the Education Code, to
26 read:

27 17070.76. Notwithstanding Section 17070.75, for the
28 2003–04 fiscal year, the board shall only require a school district
29 to deposit into the account established pursuant to paragraph (1)
30 of subdivision (b) of Section 17070.75 an amount equal to 2
31 percent of the total expenditures by a district from its general fund
32 in the 2003–04 fiscal year.

33 SEC. 9. Section 33128.3 is added to the Education Code, to
34 read:

35 33128.3. (a) Notwithstanding the standards and criteria
36 adopted pursuant to paragraph (3) of subdivision (a) of Section
37 33128, for the 2003–04 and 2004–05 fiscal years, the minimum
38 state requirement for a reserve for economic uncertainties is
39 one-half of the percentage for a reserve adopted by the State Board

1 of Education pursuant to Section ~~33128.3~~ 33128 as of May 1,
2 2003.

3 (b) For the 2005–06 fiscal year, the minimum state requirement
4 for a reserve for economic uncertainties shall be restored to the
5 percentage adopted by the State Board of Education pursuant to
6 Section ~~33128.3~~ 33128 as of May 1, 2003.

7 SEC. 10. Section 37253 of the Education Code is amended to
8 read:

9 37253. (a) The governing board of any school district and a
10 charter school may offer supplemental instructional programs in
11 mathematics, science, or other core academic areas designated by
12 the Superintendent of Public Instruction.

13 (b) The Superintendent of Public Instruction shall adopt rules
14 and regulations necessary to implement this section, including, but
15 not limited to, the designation of academic areas other than
16 mathematics and science as core academic areas.

17 (c) The maximum entitlement of a school district or charter
18 school for reimbursement for pupil hours of attendance in
19 supplemental instructional programs offered pursuant to this
20 section shall be an amount equal to 5 percent of the total enrollment
21 of the school district or charter school for the prior fiscal year
22 multiplied by 120 hours, multiplied by the hourly rate for the
23 current fiscal year, as determined pursuant to subdivision (c) of
24 Section 42239.

25 (d) To the extent appropriated funding allows, a school district
26 or charter school may enroll more than 5 percent of its pupils, or
27 may enroll pupils for more than 120 hours per year, in
28 supplemental instructional programs offered pursuant to this
29 section, if the total state apportionment to the district or charter
30 school for these programs does not exceed an amount computed
31 equal to 10 percent of the total enrollment of the school district or
32 charter school for the prior fiscal year multiplied by 120 hours,
33 multiplied by the hourly rate for the current fiscal year, as
34 determined pursuant to subdivision (c) of Section 42239.

35 (e) Instructional programs may be offered pursuant to this
36 section during the summer, before school, after school, on
37 Saturday, or during intersession, or in any combination of summer,
38 before school, after school, Saturday, or intersession instruction,
39 but shall be in addition to the regular schoolday. Any minor pupil
40 whose parent or guardian informs the school district that the pupil

1 is unable to attend a Saturday school program for religious
2 reasons, or any pupil 18 years of age or older who states that he or
3 she is unable to attend a Saturday school program for religious
4 reasons, shall be given priority for enrollment in supplemental
5 instruction offered at a time other than Saturday, over a pupil who
6 is not unable to attend a Saturday school program for religious
7 reasons.

8 (f) Notwithstanding any other law, neither the State Board of
9 Education nor the Superintendent of Public Instruction may waive
10 compliance with any provision of this section.

11 SEC. 11. Section 41203.1 of the Education Code is amended
12 to read:

13 41203.1. (a) For the 1990–91 fiscal year and each fiscal year
14 thereafter, allocations calculated pursuant to Section 41203 shall
15 be distributed in accordance with calculations provided in this
16 section. Notwithstanding Section 41203, and for the purposes of
17 this section, school districts, community college districts, and
18 direct elementary and secondary level instructional services
19 provided by the State of California shall be regarded as separate
20 segments of public education, and each of these three segments of
21 public education shall be entitled to receive respective shares of the
22 amount calculated pursuant to Section 41203 as though the
23 calculation made pursuant to subdivision (b) of Section 8 of
24 Article XVI of the California Constitution were to be applied
25 separately to each segment and the base year for the purposes of
26 this calculation under paragraph (1) of subdivision (b) of Section
27 8 of Article XVI of the California Constitution were based on the
28 1989–90 fiscal year. Calculations made pursuant to this
29 subdivision shall be made so that each segment of public education
30 is entitled to the greater of the amounts calculated for that segment
31 pursuant to paragraph (1) or (2) of subdivision (b) of Section 8 of
32 Article XVI of the California Constitution.

33 (b) If the single calculation made pursuant to Section 41203
34 yields a guaranteed amount of funding that is less than the sum of
35 the amounts calculated pursuant to subdivision (a), then the
36 amount calculated pursuant to Section 41203 shall be prorated for
37 the three segments of public education.

38 (c) Notwithstanding any other law, this section does not apply
39 to the 1992–93 to 2003–04 fiscal years, inclusive.

1 SEC. 12. Section 41975 of the Education Code is amended to
2 read:

3 41975. (a) Apportionments and allowances to a school
4 district from Section A of the State School Fund in a fiscal year
5 may not be less than the product of one hundred twenty dollars
6 (\$120) multiplied by the average daily attendance of the district in
7 the preceding fiscal year, or two thousand four hundred dollars
8 (\$2,400), whichever amount is the lesser.

9 (b) State funds apportioned to each school district for
10 categorical education programs, or other state funds apportioned
11 to each school district from the State School Fund, shall be applied
12 to meet the requirement of Section 6 of Article IX of the California
13 Constitution to provide a minimum of one hundred twenty dollars
14 (\$120) of state aid per pupil or two thousand four hundred dollars
15 (\$2,400) per school district.

16 (c) The Superintendent of Public Instruction may not increase
17 the revenue limit apportionment of any school district to provide
18 basic state aid pursuant to Section 6 of Article IX of the California
19 Constitution or any other law, unless that school district has *not*
20 received the ~~lesser~~ *greater* amount of one hundred twenty dollars
21 (\$120) per pupil or two thousand four hundred dollars (\$2,400)
22 from all state funds, including funds for categorical education
23 programs. If a school district receives less than the amount
24 specified in this subdivision, the Superintendent of Public
25 Instruction shall allocate the difference between the amount of
26 state funds received and the constitutional minimum of the ~~lesser~~
27 *greater* amount of one hundred twenty dollars (\$120) per pupil or
28 two thousand four hundred dollars (\$2,400) per school district.

29 SEC. 13. Section 42238.12 of the Education Code is amended
30 to read:

31 42238.12. (a) For the 1995–96 fiscal year and each fiscal
32 year thereafter, the county superintendent of schools shall adjust
33 the total revenue limit for each school district in the jurisdiction of
34 the county superintendent of schools by the amount of increased
35 or decreased employer contributions to the Public Employees’
36 Retirement System resulting from the enactment of Chapter 330
37 of the Statutes of 1982, adjusted for any changes in those
38 contributions resulting from subsequent changes in employer
39 contribution rates, excluding rate changes due to the direct transfer
40 of the state-mandated portion of the employer contributions to the

1 Public Employees' Retirement System, through the current fiscal
2 year. The adjustment shall be calculated for each school district,
3 as follows:

4 (1) (A) Determine the amount of employer contributions that
5 would have been made in the current fiscal year if the applicable
6 Public Employees' Retirement System employer contribution rate
7 in effect immediately prior to the enactment of Chapter 330 of the
8 Statutes of 1982 were in effect during the current fiscal year.

9 (B) For the purposes of this calculation, no school district shall
10 have a contribution rate higher than 13.020 percent.

11 (2) Determine the actual amount of employer contributions
12 made to the Public Employees' Retirement System in the current
13 fiscal year.

14 (3) If the amount determined in paragraph (1) for a school
15 district is greater than the amount determined in paragraph (2), the
16 total revenue limit computed for that school district shall be
17 decreased by the amount of the difference between those
18 paragraphs; or, if the amount determined in paragraph (1) for a
19 school district is less than the amount determined in paragraph (2),
20 the total revenue limit for that school district shall be increased by
21 the amount of the difference between those paragraphs.

22 (4) For the purpose of this section, employer contributions to
23 the Public Employees' Retirement System for any of the following
24 positions shall be excluded from the calculation specified above:

25 (A) Positions or portions of positions supported by federal
26 funds that are subject to supplanting restrictions.

27 (B) Positions supported by funds received pursuant to
28 paragraph (1) of subdivision (a) of Section 54203.

29 (C) Positions supported, to the extent of employers'
30 contributions not exceeding twenty-five thousand dollars
31 (\$25,000) by any single educational agency, from a non-General
32 Fund revenue source determined to be properly excludable from
33 this section by the Superintendent of Public Instruction with the
34 approval of the Director of Finance. Commencing in the 2002–03
35 fiscal year, only positions supported from a non-General Fund
36 revenue source determined to be properly excludable as identified
37 for a particular local educational agency or pursuant to a blanket
38 waiver by the Superintendent of Public Instruction and the
39 Director of Finance, prior to the 2002–03 fiscal year, may be
40 excluded pursuant to this paragraph.

1 (5) For accounting purposes, any reduction to district revenue
2 limits made by this provision may be reflected as an expenditure
3 from appropriate sources of revenue as directed by the
4 Superintendent of Public Instruction.

5 (6) The amount of the increase or decrease to the revenue limits
6 of school districts computed pursuant to paragraph (3) for the
7 1995–96 to 2002–03 fiscal years, inclusive, may not be adjusted
8 by the deficit factor applied to the revenue limit of each school
9 district pursuant to Section 42238.145.

10 (7) For the 2003–04 fiscal year and any fiscal year thereafter,
11 the revenue limit reduction specified in Section 42238.146 may
12 not be applied to the amount of the increase or decrease to the
13 revenue limits of school districts computed pursuant to paragraph
14 (3).

15 (b) The calculations set forth in paragraphs (1) to (3), inclusive,
16 of subdivision (a) exclude employer contributions for employees
17 of charter schools funded pursuant to Article 2 (commencing with
18 Section 47633) of Chapter 6 of Part 26.8.

19 (c) Funding appropriated through the Budget Act of 2001 or
20 legislation amending the Budget Act of 2001 for the purpose of
21 limiting the reductions to revenue limits calculated pursuant to this
22 section and to Section 2558 for the 2001–02 fiscal year shall be
23 allocated on a one-time basis in the following manner:

24 (1) Each school district and county office of education subject
25 to a reduced apportionment pursuant to this section or to Section
26 2558 shall receive a share of the amount described in paragraph (3)
27 that is proportionate to the reduction in their apportionment
28 pursuant to this section or to Section 2558 for the 2001–02 fiscal
29 year as compared to the statewide total reduction that would occur
30 absent this paragraph.

31 (2) For the 2001–02 fiscal year, instead of the alternative
32 calculation authorized by paragraph (1), San Francisco Unified
33 School District shall receive an amount equal to five dollars and
34 57 cents (\$5.57) multiplied by its second principal apportionment
35 average daily attendance for the 2001–02 fiscal year.

36 (3) Notwithstanding any other law, total allocations pursuant to
37 this subdivision may not exceed thirty-five million dollars
38 (\$35,000,000).

39 (d) Thirty-five million dollars (\$35,000,000) is hereby
40 appropriated from the General Fund for transfer to Section A of the

1 State School Fund for local assistance for the purpose of limiting
2 the reductions to revenue limits calculated pursuant to this section
3 and to Section 2558 for the 2003–04 fiscal year. Funding from this
4 appropriation shall be allocated in the following manner:

5 (1) Each school district and county office of education subject
6 to a reduced apportionment pursuant to this section or to Section
7 2558 shall receive a share of the amount appropriated in this
8 subdivision that is proportionate to the reduction in their
9 apportionment pursuant to this section or to Section 2558 for the
10 2003–04 fiscal year as compared to the statewide total reduction
11 that would occur absent this paragraph.

12 (2) For the 2003–04 fiscal year, instead of the alternative
13 calculation authorized by paragraph (1), the San Francisco Unified
14 School District shall receive an amount equal to five dollars and
15 57 cents (\$5.57) multiplied by its second principal apportionment
16 average daily attendance for the 2003–04 fiscal year.

17 (3) Notwithstanding any other law, total allocations pursuant to
18 this subdivision may not exceed thirty-five million dollars
19 (\$35,000,000) for the 2003–04 fiscal year.

20 (4) For the purposes of making the computations required by
21 Section 8 of Article XVI of the California Constitution, the
22 appropriation made by this section shall be deemed to be “General
23 Fund revenues appropriated for school districts,” as defined in
24 subdivision (c) of Section 41202, for the 2003–04 fiscal year and
25 included within the “total allocations to school districts and
26 community college districts from General Fund proceeds of taxes
27 appropriated pursuant to Article XIII B,” as defined in
28 subdivision (e) of Section 41202, for the 2003–04 fiscal year.

29 (e) For the 2004–05 fiscal year, and each fiscal year thereafter,
30 apportionment reductions pursuant to this section and to Section
31 2558 shall be limited as follows:

32 (1) Each school district and county office of education subject
33 to a reduced apportionment pursuant to this section or to Section
34 2558 shall receive a share of the amount described in paragraph (3)
35 that is proportionate to the reduction in their apportionment
36 pursuant to this section or to Section 2558 for the 2004–05 fiscal
37 year as compared to the statewide total reduction as would occur
38 absent this paragraph.

39 (2) Instead of the alternative calculation authorized by
40 paragraph (1), the San Francisco Unified School District shall

receive funding equal to the amount of funding per unit of average daily attendance specified in paragraph (2) of subdivision (c) as increased annually by cost-of-living adjustments specified in Section 42238.1, multiplied by its second principal apportionment average daily attendance for that fiscal year.

(3) Notwithstanding any other law, total limitations pursuant to this subdivision may not annually exceed the amount described in paragraph (3) of subdivision (c) as annually increased by the cost-of-living adjustments specified in Section 42238.1, multiplied by the annual statewide percentage growth in total average daily attendance, measured at the second principal apportionment.

SEC. 14. Section 42238.146 is added to the Education Code, to read:

42238.146. (a) (1) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to the article shall be further reduced by a 1.826 percent deficit factor.

(b) In computing the revenue limit for each school district for the 2005–06 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2003–04 and 2004–05 fiscal years without being reduced by the deficit factors specified in this section.

SEC. 15. Section 42239.1 of the Education Code is amended to read:

42239.1. (a) For the 1999–2000 fiscal year and each fiscal year thereafter, each school district is eligible for reimbursement for hours of pupil attendance claimed for intensive reading programs offered pursuant to Article 1 (commencing with Section 53025) of Chapter 16 of Part 28 in an amount up to 10 percent of the district’s total enrollment in kindergarten and grades 1 to 4, inclusive, for the prior fiscal year multiplied by 120 hours, multiplied by the hourly rate for the current fiscal year determined pursuant to subdivision (c) of Section 42239. This amount shall be provided in addition to amounts claimed pursuant to Sections 37252, 37252.2, 37252.5, 35252.6, 37252.8, and 37253.

1 (b) When expending funds received pursuant to this section, a
2 school district shall give first priority for the purpose specified in
3 paragraph (1) of subdivision (c) of Section 53027.

4 (c) Reimbursement pursuant to this section is contingent on an
5 appropriation being made for that purpose in the annual Budget
6 Act.

7 SEC. 16. Section 42239.15 of the Education Code is amended
8 to read:

9 42239.15. (a) For the 2000–01 fiscal year and each fiscal
10 year thereafter, each school district and charter school is eligible
11 for reimbursement for hours of pupil attendance claimed for
12 intensive algebra instruction academies offered pursuant to
13 Chapter 18 (commencing with Section 53091) of Part 28 in an
14 amount up to 6 percent of the total enrollment in grades 7 and 8 of
15 the school district or charter school for the prior fiscal year
16 multiplied by 120 hours, multiplied by the hourly rate for the
17 current fiscal year determined pursuant to subdivision (c) of
18 Section 42239. This amount shall be provided in addition to the
19 amount provided pursuant to Section 42239.

20 (b) When expending funds received pursuant to this section, a
21 school district shall give first priority for the purpose specified in
22 paragraph (1) of subdivision (d) of Section 53092.

23 (c) Reimbursement pursuant to this section is contingent on an
24 appropriation being made for that purpose in the annual Budget
25 Act.

26 SEC. 17. Section 42241.7 of the Education Code is amended
27 to read:

28 42241.7. (a) For the 1978–79 fiscal year, and each fiscal year
29 thereafter, the revenue limit of any elementary, high, or unified
30 school district authorized pursuant to Sections 42237 and 42238
31 may be increased by an amount sufficient to provide additional
32 revenue equal to the expenditures estimated to be incurred by the
33 district in the budget year in complying with the following
34 provisions of the Unemployment Insurance Code: Sections 605
35 and 803, Article 6 (commencing with Section 821) of Chapter 3
36 of Part 1 of Division 1, or Article 3 (commencing with Section
37 976) of Chapter 4 of Part 1 of Division 1, less the actual
38 expenditures incurred by the district in the 1975–76 fiscal year in
39 complying with the following provisions of the Unemployment

1 Insurance Code: Section 605.2 and Article 6 (commencing with
2 Section 821) of Chapter 3 of Part 1 of Division 1.

3 (b) If, at the end of any fiscal year, the actual expenditures of
4 the district specified in subdivision (a) are less than the revenue
5 derived from the increase in revenue limit provided in subdivision
6 (a) for that fiscal year, the difference shall be used in the following
7 fiscal year exclusively for expenditures required pursuant to the
8 Unemployment Insurance Code provisions specified in
9 subdivision (a).

10 (c) If, at the end of any fiscal year, the actual expenditures of
11 the district specified in subdivision (a) exceed the revenue derived
12 from the increase in revenue limit provided in subdivision (a) for
13 that fiscal year, the difference may be added to the increase in
14 revenue limit, authorized pursuant to this section, in the following
15 fiscal year.

16 (d) (1) For the 1994–95 to 2002–03 fiscal year, inclusive, the
17 adjustment computed pursuant to this section shall not be adjusted
18 by the deficit factor applied to the revenue limit of each school
19 district pursuant to Section 42238.145.

20 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
21 the revenue limit reduction specified in Section 42238.146 may
22 not be applied to the adjustment computed pursuant to this section.

23 (e) Expenditures for employees of charter schools funded
24 pursuant to Article 2 (commencing with Section 47633) of
25 Chapter 6 of Part 26.8 are excluded from the calculations set forth
26 in this section.

27 SEC. 18. Section 42243.7 of the Education Code is amended
28 to read:

29 42243.7. (a) For any school district that commenced
30 operations on or after June 30, 1978, or for any school district that
31 receives approval from the department for a new continuation
32 education high school for the 1979–80 fiscal year, or any fiscal
33 year thereafter, the Superintendent of Public Instruction shall
34 compute an adjustment to the district revenue limit pursuant to this
35 section.

36 (b) Determine the amount of foundation program that the
37 district would have been entitled to pursuant to subdivision (a) of
38 Section 41711, as that Section read on July 1, 1977, if the district
39 had operated during the 1977–78 fiscal year, utilizing the number
40 of units of average daily attendance attending high school in the

1 district in the fiscal year for which the revenue limit is being
2 computed.

3 (c) Determine the amount of foundation program that the
4 district would have been entitled to pursuant to paragraph (1) of
5 subdivision (b) of Section 41711, as that section read on July 1,
6 1977, if the district had operated during the 1977–78 fiscal year,
7 utilizing the same number of units of average daily attendance
8 used in subdivision (b) of this section.

9 (d) Subtract the amount determined pursuant to subdivision (c)
10 from the amount computed pursuant to subdivision (b).

11 (e) The amount computed pursuant to subdivision (d), if
12 greater than zero, shall be added to the revenue limit computed
13 pursuant to subdivision (c) of Section 42237 or pursuant to Section
14 42238. If the amount in subdivision (d) is less than zero there is no
15 adjustment.

16 (f) The Superintendent of Public Instruction shall reduce by the
17 amount computed pursuant to subdivision (e) the revenue limit
18 computed pursuant to Section 42238 of any district discontinuing
19 the operation of a continuation education school approved
20 pursuant to subdivision (a).

21 (g) (1) For the 1994–95 to 2002–03 fiscal years, inclusive, the
22 adjustment computed pursuant to this section may not be adjusted
23 by the deficit factor applied to the revenue limit of each school
24 district pursuant to Section 42238.145.

25 (2) For the 2003–04 fiscal year and each fiscal year thereafter,
26 the revenue limit reduction specified in Section 42238.146 may
27 not be applied to the adjustment computed pursuant to this section.

28 (h) The adjustment computed pursuant to this section for a new
29 continuation education high school may be applicable for any
30 unified school district that was not fully operational during the first
31 year of operation of the continuation education high school. The
32 number of units of average daily attendance to be used in
33 computing the adjustment shall be the number of units of average
34 daily attendance generated by the continuation education high
35 school in the district for the first year that the district is fully
36 operational in all grades.

37 (i) In the 1998–99 fiscal year and each fiscal year thereafter, the
38 ranges of average daily attendance resulting from the calculation
39 set forth in this section pursuant to Section 41711, as that section
40 read on July 1, 1977, shall be reduced by the statewide average

percentage that absences excused pursuant to subdivision (b) of Section 46010, as that section read on July 1, 1996, were of total second principal apportionment regular average daily attendance for high schools in 1996–97, with the reduced ranges then rounded to the nearest integer.

SEC. 19. Section 44395 of the Education Code is amended to read:

44395. (a) The National Board for Professional Teaching Standards Certification Incentive Program is hereby established to award grants to school districts for the purpose of providing awards to teachers who are employed by school districts or charter schools, are assigned to teach in California public schools, and have attained certification from the National Board for Professional Teaching Standards. Awards shall be granted to the extent that funds have been appropriated for this purpose in the annual Budget Act.

(1) Commencing July 1, 2000, any teacher who has attained certification from the National Board for Professional Teaching Standards is eligible to receive an award of up to twenty thousand dollars (\$20,000) if he or she agrees to teach at a low-performing school for at least four years. Teaching service before July 1, 2000, may not be counted towards satisfaction of this four-year commitment.

(2) Awards granted pursuant to this subdivision shall be disbursed in annual payments of five thousand dollars (\$5,000) over a four-year period. The annual payment shall be made upon completion of the school year, and upon approval of a district-certified application pursuant to the guidelines of subdivision (c) of Section 44396.

(b) The department shall administer the awards authorized by subdivision (a), and shall develop, in consultation with the Commission on Teacher Credentialing, certification and award information, criteria, procedures, and applications, all of which shall be submitted to the State Board of Education for approval. Amendments requested by the State Board of Education to that information, criteria, procedures, and applications shall be made before the dissemination of the material and the granting of any award under this article.

(c) The department shall distribute the materials described in subdivision (b) to school districts. Each school district is strongly

1 encouraged to ensure that teachers employed by the district or by
2 charter schools affiliated with the district are informed about the
3 program and can acquire the necessary application and
4 information materials.

5 (d) School districts are encouraged to provide for adequate
6 release time and support for a teacher to complete the certification
7 process. As a condition to providing that release time and support,
8 a school district may require that a teacher serve in a mentor
9 teacher capacity.

10 (e) For purposes of this article, the following definitions apply:

11 (1) “School district” means school district, county board of
12 education, county superintendent of schools, a state operated
13 program, including a special school, or an education program
14 providing instruction in kindergarten or any of grades 1 to 12,
15 inclusive, that is offered by a state agency, including the California
16 Youth Authority and the State Department of Developmental
17 Services.

18 (2) “Low-performing school” means a school in the bottom
19 half of all schools based on the Academic Performance Index
20 rankings established pursuant to subdivision (a) of Section 52056.
21 This designation shall be determined as of the date of the
22 agreement by the teacher described in paragraph (1) of subdivision
23 (a).

24 SEC. 20. Section 48005.10 of the Education Code is amended
25 to read:

26 48005.10. (a) This article shall be known, and may be cited,
27 as the Kindergarten Readiness Pilot Program.

28 (b) The Legislature hereby finds and declares the following:

29 (1) The available data indicate all of the following:

30 (A) By changing the age at which children generally enter
31 kindergarten, California’s children will be better prepared to enter
32 into the academic environment that is required by the California
33 content standards for kindergarten.

34 (B) Success in school is often related to socioeconomic status,
35 English language fluency at school entry, and access to preschool.
36 By providing a kindergarten readiness program for the children
37 most at risk for low performance and delaying entry to allow all
38 children time to become more developmentally ready to learn,
39 pupils are more likely to succeed in school.

(C) Comparisons between California pupils and pupils in other states on national achievement tests in the later grades are likely to be more equitable if the entry age of California pupils is more closely aligned to that of most other states.

(D) Children who have attended an educationally based kindergarten readiness program, including, but not limited to, a quality state preschool, Head Start, or kindergarten readiness program, are better prepared academically and socially for the existing kindergarten curriculum, as reflected by the state adopted standards.

(2) The purpose of the pilot project established pursuant to this article is intended to test these data.

(3) For participating school districts, the change in enrollment required pursuant to this article will result in a decrease in the number of pupils enrolled in kindergarten classes for the class entering kindergarten in the 2006–07 school year. Thus, it is estimated that in participating school districts there will be a 25 percent decrease in the enrollment of the kindergarten class in the initial year of implementation.

(4) The school district revenue related provision of this article in Section 48005.30 is intended to fully fund participation in the program and provide an incentive to participate.

SEC. 21. Section 48005.13 of the Education Code is amended to read:

48005.13. (a) The Superintendent of Public Instruction shall establish and administer the Kindergarten Readiness Pilot Program to permit school districts to provide opportunities for children to enhance their readiness for kindergarten, thereby increasing their likelihood for future academic success.

(b) The Superintendent of Public Instruction shall convene an advisory panel to assist the department in developing its request for proposals, and in evaluating and selecting the proposals submitted to the department. The advisory panel shall include, but need not be limited to, a representative of each of the following:

- (1) The Department of Finance.
- (2) The Legislature.
- (3) The California Research Bureau.
- (4) The Legislative Analyst.
- (5) The State Board of Education.
- (6) The Secretary for Education.

1 (c) By February 1, 2006, the superintendent shall notify
2 elementary and unified school districts maintaining kindergarten
3 about the existence of this program, shall notify them about the
4 procedures for participation, and shall request proposals for
5 participation.

6 (d) Participation in the program by a school district shall be
7 voluntary.

8 (e) A school district that elects to participate in the program
9 shall apply to the Superintendent of Public Instruction by May 1,
10 2006, upon forms adopted by the superintendent for this purpose.

11 (f) The Superintendent of Public Instruction, with the advice of
12 the advisory panel, and in consultation with the Secretary for
13 Education, shall select participants from the group of applicants.
14 The Superintendent of Public Instruction shall give priority to
15 applicant school districts that are representative of the diversity of
16 pupils and of the various types of school districts within the state.
17 The Superintendent of Public Instruction shall also give priority
18 to unified school districts.

19 (g) This article does not prohibit a school district from
20 implementing the program in selected schools within the district
21 if adequate records are kept to substantiate the accuracy of the
22 declining enrollment incentive and limits on prekindergarten
23 instruction funding provided pursuant to Section 48005.30.

24 SEC. 22. Section 48005.15 of the Education Code is amended
25 to read:

26 48005.15. By July 1, 2006, each participant school district
27 shall enter into an agreement with the Superintendent of Public
28 Instruction setting forth the requirements under the program,
29 including, but not limited to, all of the following:

30 (a) The participating school district shall make a reasonable
31 effort to identify parents and guardians of children from three to
32 five years of age who reside within the school district and to
33 provide the parents and guardians with information regarding, and
34 access to, services, programs, or methods, to assist them in
35 assessing the level of readiness of a child to enter school.

36 (b) The effort set forth in subdivision (a) shall include, but need
37 not be limited to, information regarding available care services,
38 preschool programs, and educationally based kindergarten
39 readiness programs. The school district may coordinate this effort
40 with local parent-teacher organizations.

1 (c) “Reasonable effort” as used in this subdivision does not
2 require that the school district individually contact every potential
3 parent who resides within the school district.

4 (d) The school district shall provide assistance to parents or
5 guardians who request assistance regarding activities that parents
6 may initiate in preparing children for school.

7 (e) At a minimum, participating school districts shall supply
8 parents or guardians with written readiness guidelines developed
9 by the department.

10 (f) Assistance provided pursuant to this section shall be based
11 on generally accepted child development theory and may include
12 information related to social and development readiness and
13 professional consultations with teachers and school
14 administrators.

15 (g) The participating school district shall make a reasonable
16 effort to collect data and make it available to the independent
17 evaluator, as specified in Section 48005.45.

18 SEC. 23. Section 48005.25 of the Education Code is amended
19 to read:

20 48005.25. (a) Notwithstanding any law, including, but not
21 limited to, Section 48000, for the 2006–07 school year, and each
22 school year thereafter in which a school district continues to
23 participate in the program, the school district shall offer admission
24 to kindergarten at the beginning of the school year, or at a later time
25 in the same school year, only to children who will have their fifth
26 birthday on or before September 1 of that school year. For a school
27 district that is not implementing the pilot project authorized by this
28 article on a districtwide basis, this subdivision applies only to
29 children whose residence is in the regular attendance boundary of
30 a participating school or who would otherwise attend that school
31 under school assignment policies established in the school year
32 prior to implementation of this pilot program.

33 (b) Notwithstanding any law, including, but not limited to,
34 Section 48010, for the 2007–08 school year, and each school year
35 thereafter in which a school district continues to participate in the
36 program, a school district shall offer admission to first grade at the
37 beginning of the school year, or at a later time in the same school
38 year, only to children who will have their sixth birthday on or
39 before September 1 of that school year. Kindergarten may not be
40 a prerequisite for enrollment in first grade pursuant to this article.

1 For a school district that is not implementing the pilot project
2 authorized by this article on a districtwide basis, this subdivision
3 applies only to children whose residence is in the regular
4 attendance boundary of a participating school or who would
5 otherwise attend that school under school assignment policies
6 established in the school year prior to implementation of this pilot
7 program.

8 (c) Notwithstanding subdivisions (a) and (b), the governing
9 board of each school district participating in this program shall
10 adopt a policy to allow, for good cause, admission of a child to
11 kindergarten or to the first grade at the beginning of a school year
12 in which the child's birthday will be after September 1, or at a later
13 time in the same school year. It is the intent of the Legislature that
14 this subdivision authorize rare exceptions for only the most gifted
15 and socially mature children. Therefore, exceptions are limited to
16 no more than the greater of either one child or the number of
17 children determined by multiplying .01 times the prior school year
18 second principal apportionment average daily attendance in
19 kindergarten within the participating school district or the school
20 implementing the program, as applicable. A school or school
21 district may not exceed this limitation without specific written
22 approval from the Superintendent of Public Instruction upon
23 consideration of a statement by the school or school district of the
24 circumstances that meet the legislative intent regarding this
25 subdivision.

26 SEC. 24. Section 48005.30 of the Education Code is amended
27 to read:

28 48005.30. (a) For the 2006–07 to 2012–13 school years,
29 inclusive, the Superintendent of Public Instruction shall allocate
30 a grant of funds for a participating school district for each year of
31 participation to cover the costs of developing and operating the
32 school district kindergarten readiness program, including, but not
33 limited to, the costs of administration and the costs associated with
34 services provided to parents and children in the program. For any
35 participating school district, annual funding is subject to the
36 limitations and requirements of this subdivision and may not
37 exceed the per-pupil amount nor the total amount computed as
38 follows:

39 (1) Five dollars (\$5) per hour for each hour of attendance for
40 each child participating in the kindergarten readiness program up

1 to a maximum of 150 hours of attendance for each child. The
2 amount per hour shall be adjusted annually, commencing with the
3 2007–08 school year for the inflation adjustment calculated
4 pursuant to subdivision (b) of Section 42238.1.

5 (2) For purposes of total funding to a participating school
6 district, the amount claimed may not exceed an amount equivalent
7 to multiplying the amount in paragraph (1) by a number equal to
8 50 percent of the entire kindergarten second principal
9 apportionment average daily attendance for the 2005–06 school
10 year of the school district or, in a school district that is not
11 implementing the pilot project authorized by this article on a
12 districtwide basis, by a number equal to 50 percent of the
13 kindergarten second principal apportionment average daily
14 attendance for the 2005–06 school year of the schools in the
15 district that are implementing the program.

16 (b) For the 2006–07 school year, the Superintendent of Public
17 Instruction shall allocate a one-time incentive grant to enhance
18 transition of the school district for the reduced attendance that
19 results from the program, to be determined by multiplying
20 one-fourth of the kindergarten average daily attendance for the
21 2005–06 school year by the school district’s base revenue limit per
22 unit of average daily attendance. If a school district does not
23 implement the program districtwide, this one-time incentive shall
24 be determined by multiplying one-fourth of the specific portion of
25 the district’s kindergarten average daily attendance for the
26 2005–06 school year contributed by the implementing school or
27 schools by the school district’s base revenue limit per unit of
28 average daily attendance.

29 (c) A participating school district that does not implement the
30 program on a districtwide basis shall provide to the Superintendent
31 of Public Instruction a statement certifying the following:

32 (1) The second principal apportionment average daily
33 attendance in the implementing schools for the 2005–06 school
34 year. The school district shall maintain these records for audit
35 purposes. The Superintendent of Public Instruction may request
36 documentation of the second principal apportionment average
37 daily attendance in schools implementing the program as deemed
38 necessary to enforce the funding limits of this article.

39 (2) Attendance boundaries for the schools implementing the
40 program will remain the same as they existed in the 2005–06

1 school year through the duration of the program, unless the district
2 submits an application to and receives approval from the State
3 Board of Education. The State Board of Education shall only
4 consider applications for attendance boundary changes for
5 participating schools in cases where significant population
6 changes necessitate the opening of new schools or the closing of
7 existing schools. In order to preserve the integrity of the evaluation
8 required by this article, it is the intent of the Legislature that a
9 school district applying to participate in the program on a less than
10 districtwide basis avoid implementation of the program in schools
11 that can reasonably be foreseen to be subject to boundary changes
12 within the timeframe of the pilot program authorized in this article.
13 The State Board of Education may not approve boundary changes
14 that do not meet the requirements and intent of this paragraph.

15 (3) The district has established procedures that restrict
16 attendance in nonparticipating schools of the district for children
17 residing in the attendance boundaries of the schools implementing
18 the program.

19 (d) Total incentive funding for reduced second principal
20 apportionment average daily attendance provided pursuant to this
21 article shall be subject to a statewide maximum funding level equal
22 to the equivalent of 2,300 full annual units of average daily
23 attendance multiplied by the statewide average school district
24 revenue limit for the 2006–07 fiscal year as determined by the
25 Department of Finance.

26 SEC. 25. Section 48005.35 of the Education Code is amended
27 to read:

28 48005.35. (a) A school district kindergarten readiness
29 program operated pursuant to this article is exempt from the
30 requirements of the Class Size Reduction Program (Ch. 6.10
31 (commencing with Sec. 52150), Pt. 28) and the regulations
32 adopted by the Superintendent of Public Instruction pursuant to
33 Section 8261 if the program meets kindergarten staffing and safety
34 requirements.

35 (b) Notwithstanding any other law, including, but not limited
36 to, subdivision (a) of Section 17285, a commercial building that
37 does not meet the requirements of Section 17280, that is leased to
38 a school district may, until January 1, 2007, be used as a classroom
39 in order to accommodate programs under this article if the



governing board of the school district finds that conditions of subdivision (b) of Section 17285 have been met.

(c) Any teacher participating in the kindergarten readiness program shall hold a permit or credential issued by the Commission on Teacher Credentialing that authorizes instruction in kindergarten or child care and development.

SEC. 26. Section 48005.45 of the Education Code is amended to read:

48005.45. (a) The Superintendent of Public Instruction shall, by June 1, 2007, contract for an independent longitudinal evaluation regarding the effects of the change in the entry age for kindergarten and first grade pursuant to this article. In selecting the independent evaluator, awarding the contract pursuant to this section, and in monitoring performance under the contract, the Superintendent of Public Instruction shall consult with the advisory panel convened pursuant to subdivision (b) of Section 48005.13.

(b) The evaluation shall be based upon samples of sufficient size and diversity to allow results to be reported separately for pupils of different ethnicity, socioeconomic status, and primary language, and results of the evaluation shall be so reported.

(c) The primary purpose of the evaluation is to determine whether this entry age change results in improved readiness for school and an improvement in academic achievement among participating children.

(d) The evaluation shall use representative sampling to identify the change's effects on all of the following:

(1) Academic achievement, as measured by standardized tests, as compared with pupils not participating in the program.

(2) Behavioral problems, as measured by objective data including, but not limited to, suspension and expulsion rates, as compared with pupils not participating in the program.

(3) Academic problems, as measured by referrals to special education and remedial programs, as compared with pupils not participating in the program.

(4) Age of kindergarten entry and previous educationally based preschool experience, including, but not limited to, access to child care and preschool by parents or guardians.

(5) Overall retention rates in kindergarten and in subsequent grades.

1 (6) Participation in remedial, supplemental, or summer school
2 programs.

3 (7) Class size.

4 (8) Number of pupils participating in kindergarten.

5 (9) Number of pupils participating in the kindergarten
6 readiness programs.

7 (10) Differences, if any, between programs with full preschool
8 participation, and those with partial or no preschool.

9 (11) Child care difficulties caused by the admission age
10 change.

11 (12) Demographic breakdown of participants and
12 nonparticipants, including, but not limited to, socioeconomic and
13 ethnic demographics.

14 (13) Facilities difficulties, if any, encountered by participating
15 school districts.

16 (14) The ability of parents to gain access to the program,
17 disaggregated by ethnic, primary language, and socioeconomic
18 status.

19 (e) It is the intent of the Legislature that funding for this
20 evaluation be included in the Budget Act or a bill related to the
21 Budget Act. It is the intent of the Legislature to subsequently
22 increase the number of hours funded for the kindergarten readiness
23 program if the reports pursuant to this section indicate that the
24 increase would be beneficial.

25 (f) (1) The independent evaluator shall report to the
26 Legislature, the Governor, the Superintendent of Public
27 Instruction, the State Board of Education, and the Secretary for
28 Education.

29 (2) The initial report shall be filed by June 1, 2009. The interim
30 report shall be filed by January 1, 2011. The final report shall be
31 filed by January 1, 2012.

32 SEC. 27. Section 48005.55 of the Education Code is amended
33 to read:

34 48005.55. This article shall become inoperative on July 1,
35 2013, and, as of January 1, 2014, is repealed, unless a later enacted
36 statute, that becomes operative on or before January 1, 2014,
37 deletes or extends the dates on which it becomes inoperative and
38 is repealed.

39 SEC. 28. Section 69618.9 of the Education Code is amended
40 to read:

69618.9. Commencing with the 1998–99 fiscal year, the commission shall issue warrants for the assumption of up to 500 student loans for program participants eligible under this article. The issuance of warrants shall be subject to funding to be provided in the annual Budget Act for each fiscal year. Notwithstanding any other provision of law, no warrants for the assumption of loans under this article shall be issued in the 2003–04 fiscal year.

SEC. 29. Section 76300 of the Education Code is amended to read:

76300. (a) The governing board of each community college district shall charge each student a fee pursuant to this section.

(b) (1) The fee prescribed by this section shall be eighteen dollars (\$18) per unit per semester, effective with the fall term of the 2003–04 academic year.

(2) The chancellor shall proportionately adjust the amount of the fee for term lengths based upon a quarter system, and also shall proportionately adjust the amount of the fee for summer sessions, intersessions, and other short-term courses. In making these adjustments, the chancellor may round the per unit fee and the per term or per session fee to the nearest dollar.

(c) For the purposes of computing apportionments to community college districts pursuant to Section 84750, the chancellor shall subtract, from the total revenue owed to each district, 98 percent of the revenues received by districts from charging a fee pursuant to this section.

(d) The chancellor shall reduce apportionments by up to 10 percent to any district that does not collect the fees prescribed by this section.

(e) The fee requirement does not apply to any of the following:

(1) Students enrolled in the noncredit courses designated by Section 84757.

(2) California State University or University of California students enrolled in remedial classes provided by a community college district on a campus of the University of California or a campus of the California State University, for whom the district claims an attendance apportionment pursuant to an agreement between the district and the California State University or the University of California.

(3) Students enrolled in credit contract education courses pursuant to Section 78021, if the entire cost of the course,

1 including administrative costs, is paid by the public or private
2 agency, corporation, or association with which the district is
3 contracting and if these students are not included in the calculation
4 of the full-time equivalent students (FTES) of that district.

5 (f) The governing board of a community college district may
6 exempt special part-time students admitted pursuant to Section
7 76001 from the fee requirement.

8 (g) (1) The fee requirements of this section shall be waived for
9 any student who, at the time of enrollment, is a recipient of benefits
10 under the Temporary Assistance to Needy Families program, the
11 Supplemental Security Income/State Supplementary Program, or
12 a general assistance program or has demonstrated financial need
13 in accordance with the methodology set forth in federal law or
14 regulation for determining the expected family contribution of
15 students seeking financial aid.

16 (2) The governing board of a community college district also
17 shall waive the fee requirements of this section for any student who
18 demonstrates eligibility according to income standards established
19 by the board of governors and contained in Section 58620 of Title
20 5 of the California Code of Regulations.

21 (h) The fee requirements of this section shall be waived for any
22 student who, at the time of enrollment is a dependent, or surviving
23 spouse who has not remarried, of any member of the California
24 National Guard who, in the line of duty and while in the active
25 service of the state, was killed, died of a disability resulting from
26 an event that occurred while in the active service of the state, or is
27 permanently disabled as a result of an event that occurred while in
28 the active service of the state. "Active service of the state," for the
29 purposes of this subdivision, refers to a member of the California
30 National Guard activated pursuant to Section 146 of the Military
31 and Veterans Code.

32 (i) The fee requirements of this section shall be waived for any
33 student who is the surviving spouse or the child, natural or
34 adopted, of a deceased person who met all of the requirements of
35 Section 68120.

36 (j) The fee requirements of this section shall be waived for any
37 student in an undergraduate program, including a student who has
38 previously graduated from another undergraduate or graduate
39 program, who is the dependent of any individual killed in the
40 September 11, 2001, terrorist attacks on the World Trade Center

1 and the Pentagon or the crash of United Airlines Flight 93 in
2 southwestern Pennsylvania, if that dependent meets the financial
3 need requirements set forth in Section 69432.7 for the Cal Grant
4 A Program and either of the following apply:

5 (1) The dependent was a resident of California on September
6 11, 2001.

7 (2) The individual killed in the attacks was a resident of
8 California on September 11, 2001.

9 (k) A determination of whether a person is a resident of
10 California on September 11, 2001, for purposes of subdivision (j)
11 shall be based on the criteria set forth in Chapter 1 (commencing
12 with Section 68000) of Part 41 for determining nonresident and
13 resident tuition.

14 (l) (1) ‘Dependent,’ for purposes of subdivision (j), is a
15 person who, because of his or her relationship to an individual
16 killed as a result of injuries sustained during the terrorist attacks
17 of September 11, 2001, qualifies for compensation under the
18 federal September 11th Victim Compensation Fund of 2001 (Title
19 IV (commencing with Section 401) of Public Law 107-42).

20 (2) A dependent who is the surviving spouse of an individual
21 killed in terrorist attacks of September 11, 2001, is entitled to the
22 waivers provided in this section until January 1, 2013.

23 (3) A dependent who is the surviving child, natural or adopted,
24 of an individual killed in the terrorist attacks of September 11,
25 2001, is entitled to the waivers under subdivision (j) until that
26 person attains the age of 30 years.

27 (4) A dependent of an individual killed in the terrorist attacks
28 of September 11, 2001, who is determined to be eligible by the
29 California Victim Compensation and Government Claims Board,
30 is also entitled to the waivers provided in this section until January
31 1, 2013.

32 (m) (1) It is the intent of the Legislature that sufficient funds
33 be provided to support the provision of a fee waiver for every
34 student who demonstrates eligibility pursuant to subdivisions (g)
35 to (j), inclusive.

36 (2) From funds provided in the annual Budget Act, the board
37 of governors shall allocate to community college districts,
38 pursuant to this subdivision, an amount equal to 2 percent of the
39 fees waived pursuant to subdivisions (g) to (j), inclusive. From
40 funds provided in the annual Budget Act, the board of governors

1 shall allocate to community college districts, pursuant to this
2 subdivision, an amount equal to ninety-one cents (\$0.91) per credit
3 unit waived pursuant to subdivisions (g) to (j), inclusive, for
4 determination of financial need and delivery of student financial
5 aid services, on the basis of the number of students for whom fees
6 are waived. Funds allocated to a community college district for
7 determination of financial need and delivery of student financial
8 aid services shall supplement, and shall not supplant, the level of
9 funds allocated for the administration of student financial aid
10 programs during the 1992–93 fiscal year.

11 (n) The board of governors shall adopt regulations
12 implementing this section.

13 SEC. 30. Section 84321 is added to the Education Code, to
14 read:

15 84321. (a) Notwithstanding any other provision of law,
16 commencing with the 2003–04 fiscal year, warrants for the
17 principal apportionments for the month of June, for general
18 apportionments in the amount of one hundred million dollars
19 (\$100,000,000) and for the Partnership for Excellence in the
20 amount of one hundred million dollars (\$100,000,000), shall
21 instead be drawn in July of the same calendar year pursuant to the
22 certification made under Section 84320.

23 (b) For the purposes of making the computations required by
24 Section 8 of Article XVI of the California Constitution, the
25 warrants drawn pursuant to subdivision (a) shall be deemed to be
26 “General Fund revenues appropriated for community college
27 districts,” as defined in subdivision (d) of Section 41202, for the
28 fiscal year in which the warrants are drawn, and included within
29 the “total allocations to school districts and community college
30 districts from General Fund proceeds of taxes appropriated
31 pursuant to Article XIII B,” as defined in subdivision (e) of
32 Section 41202, for the fiscal year in which the warrants are drawn.

33 SEC. 31. Section 84322 is added to the Education Code, to
34 read:

35 84322. Notwithstanding any other provision of law, a
36 community college district may recognize, for budgetary and
37 financial reporting purposes, any amount of state appropriations
38 deferred from the current fiscal year and appropriated in the
39 subsequent fiscal year for payment of current-year costs as a
40 receivable in the current fiscal year.



SEC. 32. Section 99234 of the Education Code is amended to read:

99234. (a) The Superintendent of Public Instruction shall notify local educational agencies that they are eligible to receive an incentive award based on the percentage of eligible teachers calculated in accordance with provisions of an item of appropriation in the annual Budget Act. It is the intent of the Legislature that a local educational agency give highest priority to training teachers assigned to low-performing schools. It is also the intent of the Legislature that funding appropriated in one fiscal year that is not expended by a local educational agency be redirected to local educational agencies that have trained more eligible teachers than the percentage funded. If a redirection of funding occurs, funding in subsequent fiscal years for the local educational agencies involved shall be adjusted to reflect the redirection of funding.

(b) A school district that cannot make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237 for all the grade levels it maintains in reading and mathematics may apply for and receive incentive funding for the grade levels and subjects for which it can make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237, in which case the certified assurance submitted pursuant to Section 99237 applies only to the professional development provided to teachers and instructional aides and paraprofessionals who directly assist with classroom instruction in mathematics and reading in the grade levels and subjects for which it can make the certification required pursuant to paragraph (3) of subdivision (a) of Section 99237.

(c) Of the incentive provided pursuant to subdivision (a), a local educational agency may use not more than one thousand dollars (\$1,000) of the per teacher per subject amount to provide an individual teacher stipend.

(d) The Superintendent of Public Instruction shall notify local educational agencies that the maximum funding for the purpose of this article for which they are eligible each year is equal to the percentage calculated in accordance with provisions of an item of appropriation in the annual Budget Act, multiplied by the sum of the following two factors multiplied by two thousand five hundred dollars (\$2,500):

(1) Twice the number of multiple subjects teachers teaching in a self-contained classroom and special education teachers, as specified in paragraphs (1) and (2) of Section 99233, that provide direct instruction in reading and mathematics as reported in the most recent available CBEDS data, who have not received training pursuant to either this article or Article 2 (commencing with Section 99220).

(2) The number of mathematics, English, science, and social science teachers as specified in paragraphs (3) to (6), inclusive, of Section 99233 that were reported in the most recent available CBEDS data, who have not received training pursuant to either this article or Article 2 (commencing with Section 99220).

(e) The Superintendent of Public Instruction shall allocate funding appropriated for the purposes of this article in the following order of priority:

(1) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to subdivision (a) in the prior year for whom the local educational agency did not receive funding due to insufficient availability of funds in the prior fiscal year.

(2) Two thousand five hundred dollars (\$2,500) for each qualifying teacher who was provided training pursuant to this article, subject to the limitations in subdivision (d).

(3) Five hundred dollars (\$500) for each qualifying teacher for each qualifying program as specified in Article 2 (commencing with Section 99220) who successfully completes mathematics or reading standards training, or both, at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) in the 2001–02 fiscal year to the 2004–05 fiscal year, inclusive, using funds received pursuant to Article 2 (commencing with Section 99220), and has had specific approved training on the mathematics or reading instructional materials selected for use in the school.

(4) Five hundred dollars (\$500) for each qualifying teacher in each qualifying program pursuant to Article 2 (commencing with Section 99220) who successfully completed mathematics or reading standards training, or both, at a California Professional Development Institute authorized pursuant to Article 2 (commencing with Section 99220) in the 1999–2000 or 2000–01 fiscal year, using funds received pursuant to Article 2

1 (commencing with Section 99220), and has had specific approved
2 training on the mathematics or English-language arts instructional
3 materials selected for use in the school.

4 (5) Two thousand five hundred dollars (\$2,500) for each
5 qualifying teacher who was provided training pursuant to this
6 article in excess of limitations in subdivision (d).

7 (f) For purposes of this article, qualifying teachers who, in the
8 2000–01 fiscal year, received training at a California Professional
9 Development Institute authorized pursuant to Article 2
10 (commencing with Section 99220) that was paid for by a local
11 educational agency using funds that were not received pursuant to
12 Article 2 (commencing with Section 99220) shall be deemed to
13 have received training in the 2001–02 fiscal year. A local
14 educational agency shall receive funding for these qualifying
15 teachers in accordance with paragraph (2) of subdivision (e).

16 (g) Except as provided in subdivision (f) of Section 99237,
17 funding may not be provided to a local educational agency until the
18 State Board of Education approves the agency's certified
19 assurance submitted pursuant to Section 99237.

20 (h) Of the funding a local educational agency is eligible to
21 receive pursuant to this section for each eligible teacher, 50 percent
22 shall be awarded following the provision of 40 hours of
23 professional development as specified in subdivision (b) of
24 Section 99237, with the remaining funding to be awarded
25 following certification of the provision of the 80 hours of followup
26 instruction as specified in subdivision (b) of Section 99237.

27 (i) Except as provided in paragraphs (3) and (4) of subdivision
28 (e), a local educational agency may not receive funds pursuant to
29 this article for teachers who receive training pursuant to Article 2
30 (commencing with Section 99220) using funding provided
31 pursuant to Article 2 (commencing with Section 99220).

32 SEC. 33. Section 99235 of the Education Code is amended to
33 read:

34 99235. (a) The Superintendent of Public Instruction shall
35 notify local educational agencies that they are eligible to receive
36 funding to provide instructional aides and paraprofessionals who
37 directly assist with classroom instruction in mathematics and
38 reading with professional development training in mathematics
39 and reading, in an amount equal to one thousand dollars (\$1,000)
40 per qualifying instructional aide. Funding will be provided to local

1 educational agencies on a first-come, first-serve basis. A local
2 educational agency that chooses to participate in the program is
3 eligible to receive funding for no greater than the percentage
4 calculated in accordance with provisions of an item of
5 appropriation in the annual Budget Act for its instructional aides
6 and paraprofessionals. However, the statewide total number of
7 instructional aides and paraprofessionals who directly assist with
8 classroom instruction in mathematics and reading served under
9 this program may not exceed 9,600 over the two fiscal years.

10 (b) Of the incentive provided pursuant to subdivision (a), a
11 local educational agency may use not more than five hundred
12 dollars (\$500) of the per instructional aide and paraprofessionals
13 who directly assist with classroom instruction in mathematics and
14 reading amount to provide an individual instructional aid stipend.

15 SEC. 34. Section 7576.5 is added to the Government Code, to
16 read:

17 7576.5. If funds are appropriated to local educational
18 agencies to support the costs of providing services pursuant to this
19 chapter, the local educational agencies shall transfer those funds
20 to the community mental health services that provide services
21 pursuant to this chapter in order to reduce the local costs of
22 providing these services. These funds shall be used exclusively for
23 programs operated under this chapter and are offsetting revenues
24 in any reimbursable mandate claim relating to special education
25 programs and services.

26 SEC. 35. Section 39 of Chapter 1167 of the Statutes of 2002
27 is amended to read:

28 Sec. 39. (a) Notwithstanding Section 42238.1 of the
29 Education Code or any other law, the cost-of-living adjustment for
30 Items 6110-104-0001, 6110-105-0001, 6110-156-0001,
31 6110-158-0001, 6110-161-0001, 6110-189-0001,
32 6110-190-0001, 6110-191-0001, 6110-196-0001,
33 6110-234-0001, and 6110-235-0001 of Section 2.00 of the Budget
34 Act of 2002, and those items identified in subdivision (b) of
35 Section 12.40 of the Budget Act of 2002 shall be 2 percent. All
36 funds appropriated in the items identified in this section are in lieu
37 of the amounts that would otherwise be appropriated pursuant to
38 any other law.

39 (b) Notwithstanding Section 42238.1 of the Education Code,
40 for purposes of Sections 2550, 42238, and 48664 of the Education

1 Code, for the 2002–03 fiscal year, the cost-of-living adjustment
2 shall be 2 percent.

3 SEC. 36. Section 51 of Chapter 1167 of the Statutes of 2002
4 is repealed.

5 SEC. 37. (a) Notwithstanding Sections 42238.1 and
6 42238.15 of the Education Code or any other law, the
7 cost-of-living adjustment for the programs funded by Items
8 6110-104-0001, 6110-105-0001, 6110-156-0001,
9 6110-158-0001, 6110-161-0001, 6110-189-0001,
10 6110-190-0001, 6110-191-0001, 6110-196-0001,
11 6110-234-0001, and 6110-235-0001, of Section 2.00 of the
12 Budget Act of 2003, and those items identified in subdivision (b)
13 of Section 12.40 of the Budget Act of 2002 shall be zero percent
14 for the 2003–04 fiscal year.

15 (b) Notwithstanding Section 42238.15 of the Education Code,
16 the workload adjustments specified in paragraphs (2) to (10),
17 inclusive, of subdivision (b) of Section 42238.15 shall be zero for
18 the 2003–04 fiscal year.

19 (c) Notwithstanding Section 42238.1 of the Education Code,
20 for purposes of Section 48664 of the Education Code, for the
21 2003–04 fiscal year, the cost-of-living adjustment shall be zero
22 percent.

23 (d) Funds appropriated in the items identified in this section are
24 instead of the amounts that would otherwise be appropriated
25 pursuant to any other law.

26 SEC. 38. The Superintendent of Public Instruction shall
27 reduce funding for basic aid districts from the categorical
28 education funds appropriated in Section 2.00 of the Budget Act of
29 2003 by a total of nine million eight hundred eighty-six thousand
30 dollars (\$9,886,000). The reduction shall be allocated as follows:

31 (a) The Superintendent of Public Instruction shall calculate a
32 reduction for each district that was a basic aid district in the
33 2002–03 fiscal year that is proportionate to its revenue limit as
34 determined at the second principal apportionment of the 2002–03
35 fiscal year that will achieve the amount of savings specified in this
36 section.

37 (b) (1) On or before October 26, 2003, the Superintendent of
38 Public Instruction shall notify each district of the reduction
39 amount calculated for that district pursuant to subdivision (a).

(2) On or before February 1, 2004, each district shall notify the Superintendent of Public Instruction of the specific categorical education programs in which the reductions for that district shall be applied and the amount of the reduction for each program, provided that no reduction may be made to a program identified as requiring a maintenance of effort. The Superintendent of Public Instruction shall withhold or recover the identified amount of funds as necessary.

(3) This section does not obligate the state to refund or repay reductions made pursuant to this section. A decision by a school district to reduce funding pursuant to this section for a state-mandated local program shall constitute a waiver of the subvention of funds that the school district is otherwise entitled to pursuant to Section 6 of Article XIII B of the California Constitution in the amount so reduced and that decision shall be made only after the school district first considers reductions to voluntary categorical education programs.

(c) If a district does not receive property tax revenue sufficient to fully fund its revenue limit during the 2003–04 fiscal year, any reductions to that district’s categorical education funding by this section shall be restored.

(d) No later than June 1, 2004, the Superintendent of Public Instruction shall report to the Controller and the Director of Finance the amounts to be reduced from each categorical education program and identify the corresponding item of appropriation in the Budget Act of 2003 to be reduced. The reductions shall equal the total amount to be reduced pursuant to this section. On June 15, 2004, the amounts appropriated by the Budget Act of 2003 in the items identified by the superintendent are hereby reduced by the amounts reported by the superintendent. The amounts so reduced shall revert to the unexpended balance of the General Fund. The reductions pursuant to this subdivision shall be reductions in the amount appropriated for purposes of Section 8 of Article XVI of the California Constitution for the 2003–04 fiscal year.

(e) For purposes of this section, “basic aid school district” means a school district that does not receive from the state, for any fiscal year in which the section is applied, an apportionment of state funds pursuant to subdivision (h) of Section 42238.

SEC. 39. (a) For the 2003–04 fiscal year only, in order to provide local budgeting flexibility as a result of budget reductions enacted by the Legislature for the 2003–04 fiscal year, the governing board of a school district or county office of education may use, for the purposes identified in subdivision (a) of Section 33 40 of this act, up to 100 percent of the balances as of June 30, 2003, of restricted accounts in its General Fund or cafeteria fund, excluding restricted reserves committed for capital outlay, bond funds, sinking funds, and federal funds, and excluding balances in the following programs:

(1) Public Schools Accountability Act (Ch. 6.1 (commencing with Sec. 52050), Pt. 28, Ed. C.).

(2) Economic Impact Aid (Art. 2 (commencing with Sec. 54020) Ch. 1, Pt. 29, Ed. C.).

(3) Targeted Instructional Improvement Grant (Ch. 2.5 (commencing with Sec. 54200), Ch. 2, Pt. 29, Ed. C.).

(4) Instructional materials.

(5) Special education.

(b) For purposes of this section, balances of restricted accounts does not include the amounts deferred from the 2001–02 fiscal year to the 2002–03 fiscal year or the amounts deferred from the 2002–03 fiscal year to the 2003–04 fiscal year.

(c) A governing board may not use the ending balance in any restricted account if that use would violate a federal maintenance of effort requirement.

(d) This section does not obligate the state to refund or repay funds used pursuant to this section. If a school district uses an ending balance in a restricted account that consists, in whole or in part, of funds reimbursed to the district as a subvention of funds for a state-mandated local program, the school district may not submit a claim to the state for a subsequent reimbursement of the funds that were reimbursed pursuant to Section 6 of Article XIII B of the California Constitution and used pursuant to the authority granted to a school district pursuant to this section.

(e) It is the intent of the Legislature that the use of balances of restricted accounts permitted by this section is limited to the 2003–04 fiscal year and not for any subsequent fiscal year.

SEC. 40. (a) For the 2003–04 fiscal year, the governing board of a school district or county office of education shall use any combination of funds made available pursuant to Sections

1 17070.76 and 33128.3 of the Education Code and Section ~~32~~ 39
2 of this act for the purpose of mitigating the the reduction in revenue
3 limit funding in the 2003–04 fiscal year pursuant to paragraph (1)
4 of subdivision (a) of Section 2558.46 of the Education Code and
5 paragraph (1) of subdivision (a) of Section 42238.146 of the
6 Education Code.

7 (b) A governing board that elects to use balances in restricted
8 accounts pursuant to Section ~~32~~ 39 of this act shall report to the
9 Superintendent of Public Instruction, in a manner determined by
10 the superintendent, regarding the programs and amounts of
11 restricted balances used for purposes of subdivision (a). The
12 Superintendent of Public Instruction shall report this information
13 to the Joint Legislative Budget Committee in a timely manner.

14 SEC. 41. It is the intent of the Legislature that the first priority
15 for the use of funds available to school districts and county offices
16 of education in the 2004–05 fiscal year pursuant to Section 8 of
17 Article XVI of the California Constitution in excess of the amount
18 of funds available in the 2003–04 fiscal year, shall be to restore the
19 reduction in revenue limit funding pursuant to paragraph (1) of
20 subdivision (a) of Section 2558.46 of the Education Code and
21 paragraph (1) of subdivision (a) of Section 42238.146 of the
22 Education Code.

23 SEC. 42. It is the intent of the Legislature, when the state's
24 fiscal condition permits, to phase out the permanent deferral of
25 second principal apportionment payments to school districts and
26 county offices of education enacted in Chapter 4 of the Statutes
27 2003 and to return local educational agencies to a traditional
28 accounting and payment basis. It is further the intent of the
29 Legislature that phasing out the permanent deferral not result in
30 reductions in the level of services provided by school districts and
31 county offices of education. It is further the intent of the
32 Legislature that the permanent deferral be phased out in
33 conjunction with the reduction of the maintenance factor pursuant
34 to subdivision (e) of Section 8 of Article XVI of the California
35 Constitution.

36 SEC. 43. (a) The sum of five hundred seventy million two
37 hundred sixty-three thousand dollars (\$570,263,000) is hereby
38 appropriated from the General Fund for the 2004–05 fiscal year in
39 accordance with the following schedule:

(1) The sum of five million seven hundred thirty-eight thousand dollars (\$5,738,000) to the State Department of Education for apprentice programs to be expended consistent with the requirements specified in Item 6110-103-0001 of Section 2.00 of the Budget Act of 2003.

(2) The sum of eighty-three million fifty-six thousand dollars (\$83,056,000) to the State Department of Education for supplemental instruction to be expended consistent with the requirements specified in Item 6110-104-0001 of Section 2.00 of the Budget Act of 2003. Of the amount appropriated in this paragraph, eighteen million eight hundred ninety-three thousand dollars (\$18,893,000) shall be expended consistent with Schedule (1) of Item 6110-104-0001 of Section 2.00 of the Budget Act of 2002 (Ch. 379, Stats. 2002), three million nine hundred twenty-three thousand dollars (\$3,923,000) shall be expended consistent with Schedule (3) of that item, and sixty million two hundred forty thousand dollars (\$60,240,000) shall be expended consistent with Schedule (4) of that item.

(3) The sum of fifty million one hundred three thousand dollars (\$50,103,000) to the State Department of Education for home-to-school transportation to be expended consistent with the requirements specified in Schedule (1) of Item 6110-111-0001 of Section 2.00 of the Budget Act of 2003.

(4) The sum of three million nine hundred fifty-eight thousand dollars (\$3,958,000) to the State Department of Education for the Gifted and Talented Pupil Program to be expended consistent with the requirements specified in Item 6110-124-0001 of Section 2.00 of the Budget Act of 2003.

(5) The sum of ninety-five million three hundred ninety-seven thousand dollars (\$95,397,000) to the State Department of Education for Targeted Improvement Block Grant to be expended consistent with the requirements specified in Item 6110-132-0001 of Section 2.00 of the Budget Act of 2003.

(6) The sum of forty million nine hundred twenty-five thousand dollars (\$40,925,000) to the State Department of Education for adult education to be expended consistent with the requirements specified in Schedule (.5) of Item 6110-156-0001 of Section 2.00 of the Budget Act of 2003.

(7) The sum of four million four hundred fifty-one thousand dollars (\$4,451,000) to the State Department of Education for

1 community day schools to be expended consistent with the
2 requirements specified in Item 6110-190-0001 of Section 2.00 of
3 the Budget Act of 2003.

4 (8) The sum of four million six hundred thirty-five thousand
5 dollars (\$4,635,000) to the State Department of Education for
6 categorical programs for charter schools to be expended consistent
7 with the requirements specified in Item 6110-211-0001 of Section
8 2.00 of the Budget Act of 2003.

9 (9) The sum of eighty-two million dollars (\$82,000,000) to the
10 State Department of Education for the Carl Washington School
11 Safety Block Grant to be expended consistent with the
12 requirements specified in Item 6110-228-0001 of Section 2.00 of
13 the Budget Act of 2003.

14 (10) One hundred million dollars (\$100,000,000) to the Board
15 of Governors of the California Community Colleges for
16 apportionments, to be expended in accordance with the
17 requirements specified in Item 6870-101-0001 of Section 2.00 of
18 the Budget Act of 2003.

19 (11) One hundred million dollars (\$100,000,000) to the Board
20 of Governors of the California Community Colleges for the
21 Partnership for Excellence, to be expended in accordance with the
22 requirements specified in Item 6870-101-0001 of Section 2.00 of
23 the Budget Act of 2003.

24 (b) For the purposes of making the computations required by
25 Section 8 of Article XVI of the California Constitution, the
26 appropriations made by paragraphs (1) to (9), inclusive, of
27 subdivision (a) shall be deemed to be “General Fund revenues
28 appropriated for school districts,” as defined in subdivision (c) of
29 Section 41202 of the Education Code, for the 2004–05 fiscal year,
30 and included within the “total allocations to school districts and
31 community college districts from General Fund proceeds of taxes
32 appropriated pursuant to Article XIII B,” as defined in
33 subdivision (e) of Section 41202 of the Education Code for the
34 2004–05 fiscal year.

35 (c) For the purposes of making the computations required by
36 Section 8 of Article XVI of the California Constitution, the
37 appropriation made by paragraphs (10) and (11) of subdivision (a)
38 shall be deemed to be “General Fund revenues appropriated for
39 community college districts,” as defined in subdivision (d) of
40 Section 41202 of the Education Code, for the 2004–05 fiscal year,

1 and included within the “total allocations to school districts and
2 community college districts from General Fund proceeds of taxes
3 appropriated pursuant to Article XIII B,” as defined in
4 subdivision (e) of Section 41202 of the Education Code, for the
5 2004–05 fiscal year.

6 SEC. 44. This act is an urgency statute necessary for the
7 immediate preservation of the public peace, health, or safety
8 within the meaning of Article IV of the Constitution and shall go
9 into immediate effect. The facts constituting the necessity are:

10 In order to make the necessary statutory changes to implement
11 the Budget Act of 2003 at the earliest time possible, it is necessary
12 that this act take effect immediately.

